

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF IOWA**

In re:

QHC Facilities, et al.,¹
Debtors.

Chapter 11
Case No. 21-01643-als11
Jointly Administered

_____ /

**February 7, 2022 Courtroom and ZOOM Hearing on:
Motion to Sell Free & Clear Pursuant to Section 363(f) (#117) and
Objections (#142, #143, #144, #147)**

Appearances were noted on the record.

Exhibits: Debtor's 1-3

Witnesses: Ronald Winters, Ross Sanders

ORDER

(Date entered on the docket: February 7, 2022)

Based upon the record and filed documents the Court hereby **FINDS**:

1. The parties anticipate finalizing a stalking horse bid that will be submitted in a format substantially similar to the template admitted into evidence as Exhibit 1. Contrary to the information contained in the Motion to Sell Free and Clear ("Motion") it is anticipated that the breakup fee in the APA will increase to 3% from 1.8%.
2. Extensions of the milestones incorporated into the Motion by way of the proposed Bidding Procedures attached as Exhibit 1 (and admitted into evidence at the hearing as Exhibit 2) are also anticipated to change.
3. Questions related to the stalking horse bid and determination of qualified bids were raised at the hearing.

¹ The Jointly Administered Debtors in this proceeding are *In re QHC Management, LLC* (Case No. 21-01644-als11), *In re QHC Mitchellville, LLC* (Case No. 21-01645-als11), *In re QHC Winterset North, LLC* (Case No. 21-01646-als11), *In re QHC Madison Square, LLC* (Case No. 21-01647-als11), *In re QHC Fort Dodge Villa, LLC* (Case No. 21-01648-als11), *In re QHC Crestridge, LLC* (Case No. 21-01649-als11), *In re QHC Crestview Acres Inc.* (Case No. 21-01650-als11), *In re QHC Humboldt North, LLC* (Case No. 21-01651-als11), *In re QHC Humboldt South, LLC* (Case No. 21-01652-als11) and *In re QHC Villa Cottages, LLC* (Case No. 21-01653-als11).

4. Evidence presented at the hearing established that the sale of substantially all of the Debtors assets is deemed to be sound business judgment based upon the realities of the operational and financial issues that exist.
5. A decision approving the bidding procedures, Stalking Horse APA and final milestone deadlines is deferred pending further documents being filed with the Court.

IT IS HEREBY ORDERED:

1. Not later than 9:00 a.m. on Friday, February 11, 2022, the parties shall submit any additional documents related to the pending Motion that the Court should consider in reaching a determination on whether to approve the sale process.
2. A status conference on the pending Motion will be conducted via Zoom beginning at 1:30 p.m. on February 11, 2022 to discuss the status of the Stalking Horse bid and any other outstanding issues. The milestone dates, including the auction, notice of qualified bids, the successful bid and objection time periods will be discussed at the status conference.
3. The final hearing on the Motion to Obtain Secured Credit and a hearing on the continued use of cash collateral will also be scheduled for hearing simultaneously with the status conference on February 11, 2022.

/s/ Anita L. Shodeen

Anita L. Shodeen
U.S. Bankruptcy Judge

Parties receiving this order from the Clerk of Court:

- ☒ Electronic Filers and parties requesting notice in this Chapter Case
☐ Everyone in this Chapter Case
☐ Others: